

# ST. PETERSBURG COLLEGE

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## Financial Audit

For the Fiscal Year Ended  
June 30, 2009



STATE OF FLORIDA  
AUDITOR GENERAL  
DAVID W. MARTIN, CPA

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The audit team leader was Dawn Meyers, CPA, and the audit was supervised by Karen J. Collington, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 922-2263.

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## EXECUTIVE SUMMARY

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### Summary of Report on Financial Statements

Our audit disclosed that the College's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

### Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

### Audit Objectives and Scope

Our audit objectives were to determine whether St. Petersburg College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2009. We obtained an understanding of the College's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

### Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent College records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2009, which collectively comprise the College's basic financial statements as shown on pages 12 through 38. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the discretely presented component units columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the St. Petersburg College Alumni Association, Inc., were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of St. Petersburg College and of its aggregate discretely presented component units as of June 30, 2009, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of St. Petersburg College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 11, and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on page 39, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



David W. Martin, CPA  
March 1, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) of St. Petersburg College provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2009, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussions and Analysis-for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of College management.

### FINANCIAL HIGHLIGHTS

The College's assets totaled \$348.1 million at June 30, 2009. This balance reflects a \$20.4 million, or 6.2 percent, increase from the 2007-08 fiscal year primarily resulting from capital construction projects. While assets grew, liabilities decreased by the amount of \$4.2 million, or 8 percent, totaling \$48.1 million at June 30, 2009, compared to \$52.3 million at June 30, 2008. As a result, the College's net assets increased by \$24.6 million, reaching a year-end balance of \$300 million.

The College's revenues totaled \$196.8 million for the 2008-09 fiscal year, representing a 7.6 percent decrease from the 2007-08 fiscal year primarily due to decreased State Public Education Capital Outlay funding. Operating expenses totaled \$168.8 million for the 2008-09 fiscal year representing a decrease of 3.6 percent from the 2007-08 fiscal year due mainly to decreases in purchased materials and supplies.

### OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the College's financial report consists of three basic financial statements: The statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College's finances, and include activities for the following entities:

- St. Petersburg College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- St. Petersburg College Foundation, Inc., St. Petersburg College Alumni Association, Inc., and the Leepa-Rattner Museum of Art, Inc. (Component Units) - Although legally separate, these component units are important because the College is financially accountable for them, and reports their financial activities to the State of Florida.

### THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

One of the most important questions asked about the College's finances is, "Is St. Petersburg College, as a whole, better off or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as St. Petersburg College's operating results.

These two statements report St. Petersburg College's net assets and the changes in them. You can think of the College's net assets, the difference between assets and liabilities, as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net assets are one indication of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and the safety of the campus, to assess the College's overall financial health.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net assets of the College and its component units for the respective periods ended is shown in the following table:

	<b>Condensed Statement of Net Assets at (In Thousands)</b>			
	College		Component Units	
	6-30-09	6-30-08	3-31-09	3-31-08
<b>Assets</b>				
Current Assets	\$ 67,052	\$ 69,141	\$ 14,509	\$ 18,780
Capital Assets, Net	254,669	225,441	840	799
Other Noncurrent Assets	26,377	33,151	24,682	24,596
<b>Total Assets</b>	<u>348,098</u>	<u>327,733</u>	<u>40,031</u>	<u>44,175</u>
<b>Liabilities</b>				
Current Liabilities	18,123	21,770	36	29
Noncurrent Liabilities	29,947	30,496		
<b>Total Liabilities</b>	<u>48,070</u>	<u>52,266</u>	<u>36</u>	<u>29</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	234,181	212,947	840	799
Restricted	29,816	29,856	38,256	42,503
Unrestricted	36,031	32,664	899	844
<b>Total Net Assets</b>	<u>\$ 300,028</u>	<u>\$ 275,467</u>	<u>\$ 39,995</u>	<u>\$ 44,146</u>
<b>Increase in Net Assets</b>	<u>\$ 24,561</u> 8.9%		<u>\$ (4,151)</u> -9.4%	

Revenues and expenses of the College and its component units for the respective periods ended are shown in the following table:

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets  
For the Periods Ended  
(In Thousands)**

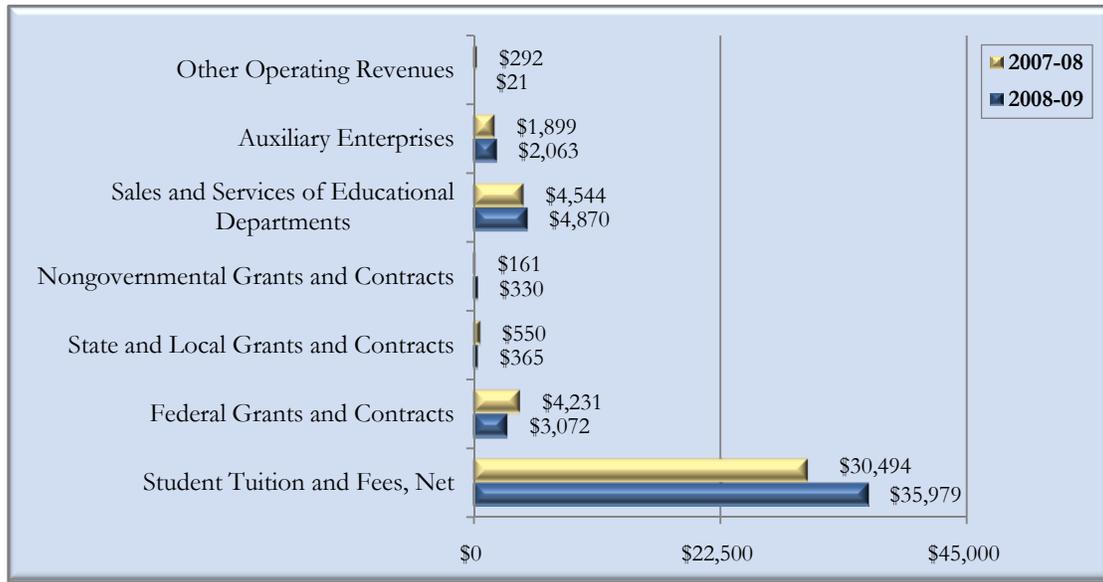
	College		Component Units	
	6-30-09	6-30-08	3-31-09	3-31-08
<b>Operating Revenues</b>				
Student Tuition and Fees, Net of Scholarship Allowances	\$ 35,979	\$ 30,494	\$	\$
Federal Grants and Contracts	3,072	4,231		
State and Local Grants and Contracts	365	550		
Nongovernmental Grants and Contracts	330	161		
Sales and Services of Educational Departments	4,870	4,544		
Auxiliary Enterprises	2,063	1,899		
Other Operating Revenues	21	292	7,197	11,165
<b>Total Operating Revenues</b>	<b>46,700</b>	<b>42,171</b>	<b>7,197</b>	<b>11,165</b>
Less, Operating Expenses	168,771	175,115	4,167	7,353
<b>Operating Income (Loss)</b>	<b>(122,071)</b>	<b>(132,944)</b>	<b>3,030</b>	<b>3,812</b>
<b>Nonoperating Revenues (Expenses)</b>				
State Appropriations	68,743	76,443		
Other Nonoperating Revenues	47,803	48,757	108	121
Interest on Capital Asset-Related Debt	(1,046)	(1,690)		
Nonoperating Expenses	(2,400)	(5,000)	(7,454)	(737)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>113,100</b>	<b>118,510</b>	<b>(7,346)</b>	<b>(616)</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>				
	(8,971)	(14,434)	(4,316)	3,196
Capital Appropriations	26,022	38,327		
Capital Grants, Contracts, Gifts, and Fees	7,469	7,219	41	76
Additions to Endowments	41	158	124	3,767
<b>Increase (Decrease) in Net Assets</b>	<b>24,561</b>	<b>31,270</b>	<b>(4,151)</b>	<b>7,039</b>
Net Assets, Beginning of Year	275,467	244,197	44,146	37,107
<b>Net Assets, End of Year</b>	<b>\$ 300,028</b>	<b>\$ 275,467</b>	<b>\$ 39,995</b>	<b>\$ 44,146</b>

### Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following chart presents the College's operating revenues for the 2008-09 and 2007-08 fiscal years:

**Operating Revenues: College  
(In Thousands)**



College operating revenue changes were primarily the result of the following factors:

- Net student tuition and fee revenue increased by \$5.5 million, or 18 percent. This increase was the result of a 6 percent increase in tuition and fees and an increase in student enrollment.
- Several Federal contracts from the United States Department of Defense for military defense products and services ended resulting in a decrease of \$1.2 million.

**Operating Expenses**

Expenses are categorized as operating or nonoperating. The majority of the College’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets and has displayed the functional classification in the notes to financial statements.

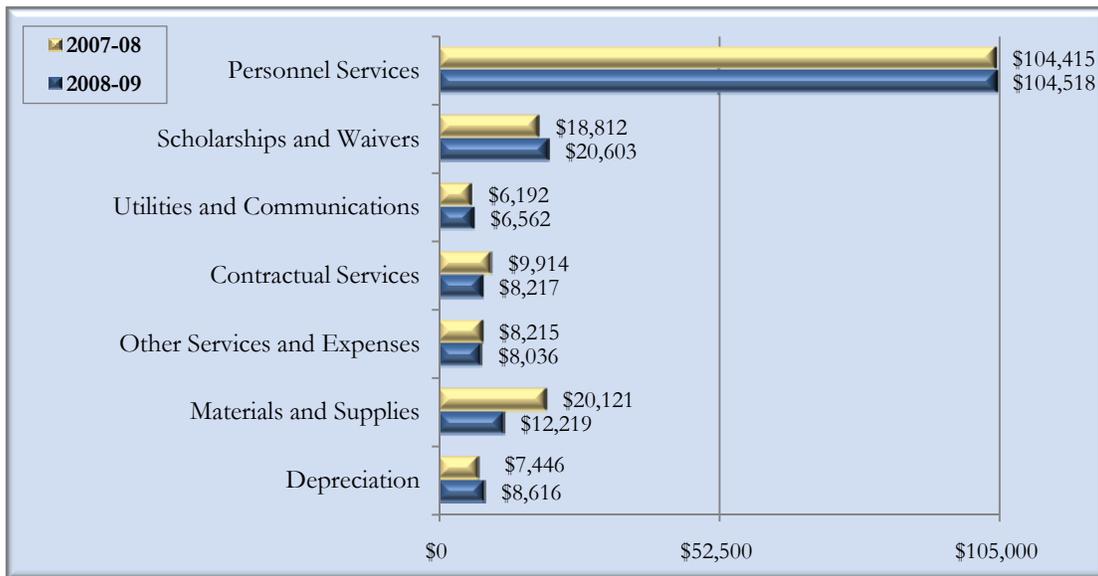
Operating expenses for the College and its component units for the respective periods ended are presented in the following table:

**Operating Expenses  
(In Thousands)**

	College		Component Units	
	6-30-09	6-30-08	3-31-09	3-31-08
<b>Operating Expenses</b>				
Personnel Services	\$ 104,518	\$ 104,415	\$	\$
Scholarships and Waivers	20,603	18,812	2,344	5,289
Utilities and Communications	6,562	6,192		
Contractual Services	8,217	9,914	78	126
Other Services and Expenses	8,036	8,215	1,499	1,496
Materials and Supplies	12,219	20,121	246	442
Depreciation	8,616	7,446		
<b>Total Operating Expenses</b>	<b>\$ 168,771</b>	<b>\$ 175,115</b>	<b>\$ 4,167</b>	<b>\$ 7,353</b>

The following chart presents the College’s operating expenses for the 2008-09 and 2007-08 fiscal years:

**Operating Expenses: College  
(In Thousands)**



College operating expense changes were the result of the following factors:

- Personnel services (salaries and benefits) expenses increased less than a tenth of a percent.
- Scholarships increased \$1.8 million due to increased Federal, State, and institutional funding for student financial assistance resulting from increased enrollment.
- Contractual services decreased \$1.7 million due to a decrease in grant and contract activities.
- Materials and supplies decreased \$7.9 million primarily due to decreased noncapitalized remodeling and renovation materials for College-wide projects.
- Depreciation expense increased by \$1.2 million due to more building projects completed during the fiscal year.

### Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2008-09 and 2007-08 fiscal years:

#### Nonoperating Revenues (Expenses): College (In Thousands)

	2008-09	2007-08
State Appropriations	\$ 68,743	\$ 76,443
Gifts and Grants	46,994	46,180
Investment Income	809	2,577
Interest on Capital Asset-Related Debt	(1,046)	(1,690)
Other Nonoperating Expenses	(2,400)	(5,000)
<b>Net Nonoperating Revenues</b>	<b>\$ 113,100</b>	<b>\$ 118,510</b>

Nonoperating changes were the result of the following factors:

- Following State revenue reductions due to the current economic conditions, the recurring State funding decreased by \$1 million, or 1.5 percent. The College also received \$6.7 million less in nonrecurring State funding than in the prior year.
- Investment income decreased by \$1.8 million, or 68.6 percent. This decrease is a result of market fluctuations, lower interest rates compared to the prior fiscal year, and the increased expending of funds on capital projects.

### Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues, expenses, gains, or losses for the 2008-09 and 2007-08 fiscal years:

#### Other Revenues, Expenses, Gains, or Losses: College (In Thousands)

	2008-09	2007-08
Capital Appropriations	\$ 26,022	\$ 38,327
Capital Grants, Contracts, Gifts, and Fees	7,469	7,219
Additions to Endowments	41	158
<b>Total</b>	<b>\$ 33,532</b>	<b>\$ 45,704</b>

The College's other revenues decreased by \$12.2 million, primarily because of the decrease in State funding for construction projects.

### THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity’s ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the College’s cash flows for the 2008-09 and 2007-08 fiscal years is presented in the following table:

**Condensed Statement of Cash Flows: College  
(In Thousands)**

	2008-09	2007-08
Cash Provided (Used) by:		
Operating Activities	\$ (114,332)	\$ (120,010)
Noncapital Financing Activities	114,372	117,179
Capital and Related Financing Activities	(10,571)	(2,775)
Investing Activities	(13,877)	14,854
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(24,408)	9,248
Cash and Cash Equivalents, Beginning of Year	62,548	53,300
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 38,140</b>	<b>\$ 62,548</b>

Major sources of funds came from State appropriations (\$68.7 million), gifts and grants (\$48 million), net student tuition and fees (\$35.9 million), capital appropriations (\$23.3 million), grants and contracts (\$3.9 million), and sales and services of educational departments (\$4.9 million). Major uses of cash included payments to employees (\$81.8 million), payments for employee benefits (\$21.8 million), payments to suppliers (\$30.2 million), payment for scholarships (\$20.6 million), and payment for acquisition of capital assets (\$39.2 million).

The College’s overall cash and cash equivalents decreased for the 2008-09 fiscal year by \$24.4 million, or 39 percent, from the prior fiscal year. The following briefly describes the factors for the decrease in cash flows:

- Operating activities used \$5.7 million less cash compared to the previous fiscal year due to a decrease in vendor payments for supplies of goods and services.
- Noncapital financing activities provided \$2.8 million less compared to the previous fiscal year primarily due to the nonrecurring special projects financed by State appropriations.
- Capital and related financing activities used \$7.8 million more compared to the previous fiscal year due to an increase in purchases of construction services.
- Cash used by investing activities increased due to the purchase of certificates of deposits for long-term investment purposes.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At June 30, 2009, the College had \$335.4 million in capital assets, less accumulated depreciation of \$80.8 million, for net capital assets of \$254.6 million. Depreciation charges for the current fiscal year totaled \$8.6 million. The following table summarizes the College’s capital assets for the 2008-09 fiscal year:

**Capital Assets: College  
(In Thousands)**

Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 23,317	\$	\$	\$ 23,317
Buildings	216,941	60,940	1,043	276,838
Other Structures and Improvements	10,702			10,702
Furniture, Machinery, and Equipment	24,723	1,080	2,014	23,789
Construction in Progress	24,975	764	24,940	799
<b>Total</b>	<b>300,658</b>	<b>62,784</b>	<b>27,997</b>	<b>335,445</b>
Less, Accumulated Depreciation:				
Buildings	44,368	6,333	1,043	49,658
Other Structures and Improvements	10,178	175		10,353
Furniture, Machinery, and Equipment	20,671	2,108	2,014	20,765
<b>Total Accumulated Depreciation</b>	<b>75,217</b>	<b>8,616</b>	<b>3,057</b>	<b>80,776</b>
<b>Capital Assets, Net</b>	<b>\$ 225,441</b>	<b>\$ 54,168</b>	<b>\$ 24,940</b>	<b>\$ 254,669</b>

The College has \$21.6 million in construction contract commitments at June 30, 2009. The contract commitments are for the Olympia building remodeling at the Tarpon Springs Center and the construction of the Veterinary Technology Center. In addition, the College plans \$6.1 million of capital expenditures from 2009-10 fiscal year PECO appropriations. Projects planned include collegewide site acquisition and general renovations, remodeling of classrooms, labs, and institutional support space at the Downtown Center, and major building renovations at the Clearwater Campus. State appropriations, capital improvement revenue bond proceeds, and local funds are expected to finance the construction, renovation, and remodeling of facilities. More information about the College’s capital assets is presented in the notes to financial statements.

**DEBT ADMINISTRATION**

At fiscal year-end, the College had \$22.3 million in long-term debt outstanding. The following table summarizes outstanding long-term debt by type for the fiscal years ended June 30, 2009, and June 30, 2008:

**Long-Term Debt, at June 30: College  
(In Thousands)**

	2009	2008
SBE Capital Outlay Bonds	\$ 3,190	\$ 3,485
Capital Improvement Revenue Bonds	19,140	19,835
<b>Total</b>	<b>\$ 22,330</b>	<b>\$ 23,320</b>

During the 2008-09 fiscal year, there were no bond sales and debt repayments totaled \$990,000. Additional information about the College’s long-term debt is presented in the notes to financial statements.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

St. Petersburg College's economic position is closely tied to that of the State of Florida. Because of declining economic growth and increased demand for State resources, a decrease in State funding is anticipated in the coming year. Anticipated Federal Stabilization Funds of \$5 million will somewhat offset the decrease. In response to the decrease in State appropriations, the Board of Trustees increased the tuition rate 8 percent to take effect beginning with the Fall 2009-10 term. The College's current financial and capital plans indicate that implementing cost-saving measures to reduce expenses and the infusion of additional financial resources from an increase in tuition rates will be necessary to maintain its present level of services.

**REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A, financial statements and notes thereto, and other required supplementary information or requests for additional financial information should be addressed to the Associate Vice President for Financial and Business Services, St. Petersburg College, PO Box 13489, St. Petersburg, FL 33733.

## BASIC FINANCIAL STATEMENTS

### ST. PETERSBURG COLLEGE A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF NET ASSETS June 30, 2009

	College	Component Units
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 12,786,687	\$ 9,529,717
Restricted Cash and Cash Equivalents	14,956,351	
Investments		4,909,314
Accounts Receivable, Net	1,484,475	51,431
Notes Receivable, Net	37,289	8,014
Due from Other Governmental Agencies	32,903,550	
Due from Component Units	4,772,501	
Inventories	74,236	10,618
Prepaid Expenses	35,770	
Other Assets	828	
<b>Total Current Assets</b>	<b>67,051,687</b>	<b>14,509,094</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,396,674	
Investments	9,177,553	108,143
Restricted Investments	6,803,473	
Endowment Investments		23,492,861
Loans and Notes Receivable		1,008,235
Depreciable Capital Assets, Net	230,553,264	
Nondepreciable Capital Assets	24,115,291	840,112
Other Assets		72,750
<b>Total Noncurrent Assets</b>	<b>281,046,255</b>	<b>25,522,101</b>
<b>TOTAL ASSETS</b>	<b>\$ 348,097,942</b>	<b>\$ 40,031,195</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 3,195,036	\$ 10,420
Salary and Payroll Taxes Payable	2,060,832	
Retainage Payable	2,237,054	
Due to College		4,426
Deferred Revenue	720,245	21,000
Estimated Claims Payable	1,146,327	
Deposits Held for Others	6,856,948	
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,025,000	
Compensated Absences Payable	881,147	
<b>Total Current Liabilities</b>	<b>18,122,589</b>	<b>35,846</b>
Noncurrent Liabilities:		
Bonds Payable	21,305,000	
Compensated Absences Payable	7,930,323	
Postemployment Healthcare Benefits Payable	476,050	
Estimated Arbitrage Rebate Payable	235,611	
<b>Total Noncurrent Liabilities</b>	<b>29,946,984</b>	
<b>TOTAL LIABILITIES</b>	<b>48,069,573</b>	<b>35,846</b>

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF NET ASSETS (Continued)**  
**June 30, 2009**

	<b>College</b>	<b>Component Units</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 234,180,821	\$ 840,112
Restricted:		
Nonexpendable:		
Endowment		23,492,861
Expendable:		
Grants and Other	7,864,754	14,763,411
Endowment	1,468,517	
Loans	978,475	
Scholarships	122,243	
Capital Projects	19,287,758	
Debt Service	94,672	
Unrestricted	36,031,129	898,965
<b>Total Net Assets</b>	<b>300,028,369</b>	<b>39,995,349</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 348,097,942</b>	<b>\$ 40,031,195</b>

The accompanying notes to financial statements are an integral part of this statement.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2009**

	<u>College</u>	<u>Component Units</u>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$16,815,012	\$ 35,978,692	\$
Federal Grants and Contracts	3,072,250	
State and Local Grants and Contracts	365,204	
Nongovernmental Grants and Contracts	330,003	
Sales and Services of Educational Departments	4,869,799	
Auxiliary Enterprises	2,063,371	
Other Operating Revenues	20,633	7,196,820
<b>Total Operating Revenues</b>	<b>46,699,952</b>	<b>7,196,820</b>
<b>EXPENSES</b>		
Operating Expenses:		
Personnel Services	104,518,437	
Scholarships and Waivers	20,602,879	2,343,748
Utilities and Communications	6,561,625	
Contractual Services	8,217,050	77,770
Other Services and Expenses	8,035,560	1,499,036
Materials and Supplies	12,219,060	246,669
Depreciation	8,616,017	
<b>Total Operating Expenses</b>	<b>168,770,628</b>	<b>4,167,223</b>
<b>Operating Income (Loss)</b>	<b>(122,070,676)</b>	<b>3,029,597</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	68,743,060	
Gifts and Grants	46,993,776	39,993
Investment Income (Loss)	808,560	(7,454,241)
Other Nonoperating Revenues		68,294
Interest on Capital Asset-Related Debt	(1,046,025)	
Other Nonoperating Expenses	(2,400,000)	
<b>Net Nonoperating Revenues (Expenses)</b>	<b>113,099,371</b>	<b>(7,345,954)</b>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(8,971,305)</b>	<b>(4,316,357)</b>
Capital Appropriations	26,022,294	
Capital Grants, Contracts, Gifts, and Fees	7,468,826	41,475
Additions to Permanent Endowments	41,122	124,097
<b>Total Other Revenues</b>	<b>33,532,242</b>	<b>165,572</b>
<b>Increase (Decrease) in Net Assets</b>	<b>24,560,937</b>	<b>(4,150,785)</b>
Net Assets, Beginning of Year	275,467,432	44,146,134
<b>Net Assets, End of Year</b>	<b>\$ 300,028,369</b>	<b>\$ 39,995,349</b>

The accompanying notes to financial statements are an integral part of this statement.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2009**

	<b>College</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees, Net	\$ 35,895,159
Grants and Contracts	3,945,952
Payments to Suppliers	(30,244,893)
Payments for Utilities and Communications	(6,561,625)
Payments to Employees	(81,823,912)
Payments for Employee Benefits	(21,819,802)
Payments for Scholarships	(20,602,879)
Net Loans Issued to Students and Employees	1,623,732
Collection of Loans to Students and Employees	(1,642,814)
Auxiliary Enterprises	2,008,230
Sales and Service of Educational Departments	4,869,799
Other Receipts	20,633
	<b>(114,332,420)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Appropriations	68,743,060
Gifts and Grants	47,987,731
Private Gifts for Endowment Purposes	41,122
Other Nonoperating Disbursements	(2,400,000)
	<b>114,371,913</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Appropriations	23,263,842
Capital Grants and Gifts Received	7,445,147
Purchases of Capital Assets	(39,243,686)
Principal Paid on Capital Debt	(990,000)
Interest Paid on Capital Debt	(1,046,025)
	<b>(10,570,722)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	897,134
Purchase of Investments	(14,774,196)
	<b>(13,877,062)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(24,408,291)</b>
Cash and Cash Equivalents, Beginning of Year	62,548,003
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 38,139,712</b>

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2009**

	<b>College</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (122,070,676)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	8,616,017
Changes in Assets and Liabilities:	
Accounts Receivables, Net	(175,880)
Due from Other Governmental Agencies	178,496
Notes Receivable, Net	(19,083)
Inventories	61,262
Prepaid Expenses	1,029,262
Other Assets	1,521
Accounts Payable	(2,632,558)
Deferred Revenue	37,207
Deposits Held for Others	277,112
Compensated Absences Payable	131,850
Postemployment Healthcare Benefits Payable	233,050
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (114,332,420)</b>

The accompanying notes to financial statements are an integral part of this statement.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity.** The governing body of St. Petersburg College, a component unit of the State of Florida, is the District Board of Trustees. The Board constitutes a corporation and is composed of five members appointed by the Governor and confirmed by the Senate. The District Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by law and State Board of Education rules. However, the District Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Pinellas County.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the District Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the District Board of Trustees are such that exclusion would cause the College's financial statements to be misleading or incomplete. Based upon the application of these criteria, the College is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

**Discretely Presented Component Units.** Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- The St. Petersburg College Foundation, Inc., is a community advocate for St. Petersburg College and encourages charitable donations to provide financial support for the College. As a public charity, the Foundation accepts donations to enhance the College's many and varied teaching, and public service programs, as well as to support capital projects and other related College improvements.
- The St. Petersburg College Alumni Association, Inc., assists the College in worthwhile endeavors such as fund raising and establishing scholarships.
- The Leepa-Rattner Museum of Art, Inc., benefits the College through the promotion of educational excellence by collecting, preserving and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Esther Gentle, Allen Leepa, and other artists.

The College's component units are audited by other auditors, pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of these organizations are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the audited financial statements of the organizations for the fiscal year ended March 31, 2009. Additional condensed financial statements for the College's component units are included in a subsequent note.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

The College's component units, as described above, are also direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. These entities are managed independently, outside the College's budgeting process, and their powers generally are vested in a governing board pursuant to various State statutes. These entities receive, hold, invest, and administer property and make expenditures to or for the benefit of the College.

**Basis of Presentation.** The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
  - Notes to Financial Statements
- Other Required Supplementary Information

**Basis of Accounting.** Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The College's component units use the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The St. Petersburg College Foundation, Inc., and the Leepa-Rattner Museum of Art, Inc., are required to follow GASB standards of accounting and financial

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

reporting and the St. Petersburg College Alumni Association, Inc., follows FASB standards of accounting and financial reporting for not-for-profit organizations.

The College follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, investment income (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on capital asset-related debt is considered a nonoperating expense.

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its scholarship allowances by identifying financial aid applied versus cash payments applied to the student accounts receivable.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**Cash and Cash Equivalents.** The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and funds invested with the State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool (LGIP), which effective July 1, 2009, is known as Florida PRIME, and the State Treasury Special Purpose Investment Account (SPIA). For the purpose of reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the LGIP and

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

SPIA to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2009, the College reported as cash equivalents at fair value \$36,517,493 of moneys held in the SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's and had an effective duration of 1.84 years at June 30, 2009. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2009, the College reported as cash equivalents at fair value \$737,810 of moneys held in the LGIP administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The investments in the LGIP, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2009, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The LGIP carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 46 days as of June 30, 2009. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the LGIP to interest rate changes. The investments in the LGIP are reported at fair value, which is amortized cost.

**Capital Assets.** College capital assets consist of land; construction in progress; buildings; other structures and improvements; and furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 10 to 40 years, Depending on Construction
- Other Structures and Improvements – 10 years

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, Educational Equipment – 5 years
  - Furniture – 7 years

Art collections of the College's component units are stated at fair market value at the date of the donation.

**Noncurrent Liabilities.** Noncurrent liabilities include principal amounts of bonds payable, compensated absences payable, postemployment healthcare benefits payable, and estimated arbitrage rebate payable that are not scheduled to be paid within the next fiscal year.

## 2. INVESTMENTS

The College's Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Local Government Surplus Funds Trust Fund investment pools administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the College's Board of Trustees as authorized by law. State Board of Education Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The College's investments at June 30, 2009, are reported at fair value, as follows:

**ST. PETERSBURG COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

Investment Type	Amount
State Board of Administration Fund B Surplus Funds Trust Fund	\$ 394,399
State Board of Administration Debt Service Accounts	73,698
State Board of Administration Debt Service Rebate Accounts	235,611
Money Market Mutual Fund	587,515
Certificates of Deposit (CDARS)	6,139,630
Certificates of Deposit	8,550,173
<b>Total College Investments</b>	<b>\$ 15,981,026</b>

**State Board of Administration Fund B Surplus Funds Trust Fund**

On December 4, 2007, the State Board of Administration (SBA) restructured the Local Government Surplus Funds Trust Fund (LGIP) to also establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the LGIP.

At June 30, 2009, the College reported investments at fair value of \$394,399 for amounts held in Fund B. The College’s investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.51370946 at June 30, 2009. The weighted-average life (WAL) of Fund B at June 30, 2009, was 6.87 years. A portfolio’s WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2009. WAL measures the sensitivity of Fund B to interest rate changes. The College’s investment in Fund B is unrated.

**State Board of Administration Debt Service Accounts**

The College reported investments at fair value totaling \$73,698 at June 30, 2009, in the State Board of Administration Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the College. The College’s investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The College relies on policies developed by the State Board of Administration for managing interest rate risk or credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State’s Comprehensive Annual Financial Report.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**State Board of Administration Debt Service Rebate Accounts**

The College reported investments at fair value totaling \$235,611 at June 30, 2009, in the State Board of Administration Debt Service Rebate Accounts. These investments are for the arbitrage rebate liability required for the College Capital Improvement Revenue Bonds, Series 2006A. The College's investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The College relies on policies developed by the State Board of Administration for managing interest rate risk or credit risk for this account. Disclosure for the Debt Service Rebate accounts are included in the notes to financial statements for the State's Comprehensive Annual Financial Report.

**Other Investments**

The College invested in various certificates of deposit and a money market mutual fund. The following risks apply to the College's investments:

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits the average maturity of the portfolio to no longer than two years and the maturity of any individual investment to no longer than five years.

*Credit Risk:* Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The College's policy provides that Securities and Exchange Commission 2a7 registered money market funds shall have the highest credit quality rating from a nationally recognized rating agency and any investment fund regulated or advised by a Registered Investment Advisor under rule 3c7 shall be rated "AAA" by at least one nationally recognized rating agency.

The following interest rate and credit risks apply to the College's certificates of deposit and money market mutual fund at June 30, 2009:

- **Certificates of Deposit.** Section 218.415(16), Florida Statutes, authorizes the College to deposit surplus funds in accordance with conditions that are consistent with the Certificates of Deposit Account Registry Service program (CDARS). The CDARS program allows CD depositors with balances of up to \$50 million to have their entire balances insured by the FDIC. During the 2008-09 fiscal year, the College deposited \$6.1 million with a qualified public depository bank to be invested as part of the CDARS program. The CDARS investments carry original maturity dates of 12 months with annual percentage interest rates between 2.08 and 3.92 percent. In addition, during the 2008-09 fiscal year, the College had a financial institution purchase investments in individual CDs with 72 banks in the College's name totaling \$8.6 million. Each of the CDs were insured by the FDIC. The CDs carry original maturity dates of 8 months to 30 months with annual percentage interest rates between 2.15 and 4.40 percent.

**ST. PETERSBURG COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

- **Money Market Mutual Fund.** The College’s investment in the Prime Money Market Fund was rated Aaa by Moody’s.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodian risk relates to investments that are held by someone other the College and not registered in their name. The CDARS are held in a counterparty account as custodian.

**Component Units Investments**

Investments held by the College’s component units, St. Petersburg College Foundation, Inc. (Foundation), the Leepa-Rattner Museum of Art, Inc. (LRMA), and the St. Petersburg College Alumni Association, Inc., at March 31, 2009, are reported at fair value as follows: **(W 4-18)**

Investment Type	St. Petersburg College Foundation, Inc.	Leepa-Rattner Museum of Art, Inc.	St. Petersburg College Alumni Association, Inc.	Total
U.S. Government Obligations	\$ 1,083,380	\$	\$	\$ 1,083,380
Federal Agency Obligations	4,200,391			4,200,391
Bonds and Notes	2,696,218			2,696,218
Stocks and Other Equity Securities	12,292,125			12,292,125
Mutual Funds	1,987,813			1,987,813
Certificates of Deposit	6,066,610	75,638	108,143	6,250,391
<b>Total Component Units Investments</b>	<b>\$ 28,326,537</b>	<b>\$ 75,638</b>	<b>\$ 108,143</b>	<b>\$ 28,510,318</b>

The LRMA and Alumni Association’s investments consisted solely of CD’s, totaling \$75,638 and \$108,143, respectively.

The Foundation has a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

*Interest Rate and Credit Risk:* The Foundation’s investment policy limits investments in fixed income securities to maturities of no longer than 30 years. The Foundation has \$5,283,771 in obligations of United States Government obligations and Federal agency obligations that include embedded options consisting of the option at the discretion of the issuer to call their obligation. These securities have various call dates and mature between September 2009 and November 2043.

The Foundation’s investment policy provides that debt issues of investment grade ‘A’ or better are preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent less than 10 percent of that particular portfolio’s assets.

**ST. PETERSBURG COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

The following are maturities and credit quality ratings for the Foundation, LRMA, and the Alumni Association’s investments in debt securities, mutual funds, and certificates of deposit at March 31, 2009:

Investment Type	Investment Maturities (In Years)					Credit Quality Range (1)
	Fair Value	Less than 1 year	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 1,083,380	\$ 222,040	\$ 59,401	\$ 668,138	\$ 133,801	(2)
Federal Agency Obligations	4,200,391		1,446,807	753,136	2,000,448	AAA
Bonds and Notes	2,696,218		764,734	898,990	1,032,494	BBB - AAA
Fixed Income Mutual Funds (3)(4)	455				455	AAA
Fixed Income Mutual Funds (4)	560,715		560,715			AAA
Fixed Income Mutual Funds (4)	635,766			635,766		AAA
Equity Mutual Funds	790,877	790,877				Not Rated
Certificates of Deposit	6,250,391	183,781	6,066,610			
<b>Total</b>	<b>\$ 16,218,193</b>	<b>\$ 1,196,698</b>	<b>\$ 8,898,267</b>	<b>\$ 2,956,030</b>	<b>\$ 3,167,198</b>	

- Notes: (1) Rated by Standard & Poor's.  
 (2) Disclosure of credit risk is not required for this investment type.  
 (3) This Fixed Income Mutual Fund has a weighted average maturity of 16 years.  
 (4) Weighted average credit rating.

*Custodial Credit Risk:* The Foundation’s investment policy does not address custodial risk. Foundation investments in debt securities are uncollateralized, uninsured, not registered in the name of the Foundation, and held by financial institutions and, as such, are exposed to custodial credit risk.

*Concentration of Credit Risk:* The Foundation’s policy provides that investments in fixed income securities of a single issue must not exceed 5 percent of total investment assets at market value. United States Government and Federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 20 percent of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case shall an individual security be purchased that exceeds 5 percent of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio is 60 percent in equities and 40 percent in fixed income funds.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable represent amounts for student fee deferrals, various student services provided by the College, uncollected commissions or rent for vendors under food, vending, and bookstore operations, accrued interest, and contract and grant reimbursements due from third parties. These receivables are reported net of a \$1,374,446 allowance for uncollectible accounts.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**4. NOTES RECEIVABLE**

Notes receivable represent student loans made under the College's short-term loan program of \$74,577 and are reported net of a \$37,288 allowance for uncollectible notes.

**5. DUE FROM OTHER GOVERNMENTAL AGENCIES**

This amount primarily consists of \$30,285,333 of Public Education Capital Outlay allocations due from the State for construction of College facilities.

**6. DUE FROM AND TO COMPONENT UNITS/COLLEGE**

The \$4,772,501 reported as due from component units consists of amounts owed to the College by the Foundation for construction of College facilities. The College's financial statements are reported for the fiscal year ended June 30, 2009. The College's component units' financial statements are reported for the fiscal year ended March 31, 2009. Accordingly, amounts reported as due from and to component units on the statement of net assets do not agree with amounts reported by the component units as due from and to the College.

**7. INVENTORIES**

Inventories consist of items for resale by the central duplicating shop, the firing range, and gasoline, and are valued using the last invoice cost, which approximates the first-in, first-out method of inventory valuation. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased, and are not considered material. Accordingly, these items are not included in the reported inventory.

**8. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2009, is shown below:

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Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 23,316,765	\$	\$	\$ 23,316,765
Construction in Progress	24,974,934	764,292	24,940,700	798,526
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 48,291,699</b>	<b>\$ 764,292</b>	<b>\$ 24,940,700</b>	<b>\$ 24,115,291</b>
Depreciable Capital Assets:				
Buildings	\$ 216,941,338	\$ 60,939,883	\$ 1,042,879	\$ 276,838,342
Other Structures and Improvements	10,702,473			10,702,473
Furniture, Machinery, and Equipment	24,723,247	1,079,632	2,014,482	23,788,397
<b>Total Depreciable Capital Assets</b>	<b>252,367,058</b>	<b>62,019,515</b>	<b>3,057,361</b>	<b>311,329,212</b>
Less, Accumulated Depreciation:				
Buildings	44,368,083	6,333,418	1,042,879	49,658,622
Other Structures and Improvements	10,178,102	174,789		10,352,891
Furniture, Machinery, and Equipment	20,671,107	2,107,810	2,014,482	20,764,435
<b>Total Accumulated Depreciation</b>	<b>75,217,292</b>	<b>8,616,017</b>	<b>3,057,361</b>	<b>80,775,948</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 177,149,766</b>	<b>\$ 53,403,498</b>	<b>\$</b>	<b>\$ 230,553,264</b>

**9. DEFERRED REVENUE**

Deferred revenue includes grants and contracts revenue and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2009, the College reported the following amounts as deferred revenue:

Description	Amount
Grants and Contracts	\$ 560,807
Student Tuition and Fees	159,438
<b>Total Deferred Revenue</b>	<b>\$ 720,245</b>

**10. LONG-TERM LIABILITIES**

Long-term liabilities of the College at June 30, 2009, include bonds, compensated absences, postemployment healthcare benefits payable, and estimated arbitrage rebate payable. Long-term liabilities activity for the fiscal year ended June 30, 2009, is shown below:

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Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$23,320,000	\$	\$ 990,000	\$22,330,000	\$1,025,000
Compensated Absences Payable	8,679,620	1,782,476	1,650,626	8,811,470	881,147
Postemployment Healthcare					
Benefits Payable	243,000	474,050	241,000	476,050	
Estimated Arbitrage Rebate Payable	111,706	123,905		235,611	
<b>Total Long-Term Liabilities</b>	<b>\$32,354,326</b>	<b>\$2,380,431</b>	<b>\$2,881,626</b>	<b>\$31,853,131</b>	<b>\$1,906,147</b>

**Bonds Payable.** The various bonds were issued to finance capital outlay projects of the College. The following is a description of the bonded debt issues:

- State Board of Education Capital Outlay Bonds. The State Board of Education issues Capital Outlay Bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- Capital Improvement Revenue Bonds, Series 2006A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the Capital Improvement Fees collected pursuant to Section 1009.23(11), Florida Statutes, by the 2006A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the 2006A bonds. These bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The 2006A bonds will share the lien of such additional bonds on the 2006A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for new construction and renovation and remodeling of educational facilities.

The College had the following bonds payable outstanding at June 30, 2009:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education			
Capital Outlay Bonds:			
Series 2002B	\$ 655,000	4.00 - 5.375	2014
Series 1999A	2,535,000	4.375 - 4.75	2019
<b>Subtotal</b>	<b>3,190,000</b>		
State Board of Administration:			
Capital Improvement Revenue Bonds:			
Series 2006A	19,140,000	3.50 - 5.00	2027
<b>Total Bonds Payable</b>	<b>\$22,330,000</b>		

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Annual requirements to amortize all bonded debt outstanding as of June 30, 2009, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2010	\$ 1,025,000	\$ 1,006,744	\$ 2,031,744
2011	1,075,000	963,450	2,038,450
2012	1,125,000	917,775	2,042,775
2013	1,175,000	871,700	2,046,700
2014	1,230,000	821,369	2,051,369
2015-2019	6,240,000	3,317,900	9,557,900
2020-2024	6,070,000	1,813,000	7,883,000
2025-2027	4,390,000	332,500	4,722,500
<b>Total</b>	<b>\$ 22,330,000</b>	<b>\$ 10,044,438</b>	<b>\$ 32,374,438</b>

**Compensated Absences Payable.** College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2009, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$8,811,470. Of this amount, \$881,147 is considered a current liability as this is expected to be paid in the coming fiscal year. The current portion of the compensated absences was determined by calculating ten percent of the compensated absences liability as of June 30, 2009.

**Postemployment Healthcare Benefits Payable.** The College implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the College.

*Plan Description.* The Postemployment Healthcare Benefits Plan is a single-employer defined-benefit plan administered by the College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's self-insured health and hospitalization plan for medical and prescription drug coverages. The College subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The College does not offer any explicit subsidies for

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retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The College does not issue a stand-alone report and the Plan is not included in the annual report of a public employee retirement system or another entity.

*Funding Policy.* Benefit provisions are pursuant to provisions of Section 112.0801, Florida Statutes, and benefits may be amended by the Board of Trustees. Contribution requirements of the College and plan members are established and may be amended through actions from the Board of Trustees. The College has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation and the Plan is funded on a pay-as-you-go basis. For the 2008-09 fiscal year, 97 retirees received postemployment healthcare benefits. The College provided required contributions of \$241,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$721,536.

*Annual OPEB Cost and Net OPEB Obligation.* The College’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the College’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College’s net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 274,000
Amortization of Unfunded Actuarial Accrued Liability	182,000
Interest on Normal Cost and Amortization	<u>14,000</u>
<b>Annual Required Contribution</b>	470,000
Interest on Net OPEB Obligation	12,150
Adjustment to Annual Required Contribution	<u>(8,100)</u>
<b>Annual OPEB Cost (Expense)</b>	474,050
Contribution Toward the OPEB Cost	<u>241,000</u>
<b>Increase in Net OPEB Obligation</b>	233,050
Net OPEB Obligation, Beginning of Year	<u>243,000</u>
<b>Net OPEB Obligation, End of Year</b>	<u><u>\$ 476,050</u></u>

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The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009, and for the current and transition years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, July 1, 2007	\$		\$
2007-08	470,000	48.3%	243,000
2008-09	474,050	50.8%	476,050

*Funded Status and Funding Progress.* As of June 30, 2009, the actuarial accrued liability for benefits was \$4,521,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$4,521,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$65,451,879 for the 2008-09 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College’s initial OPEB actuarial valuation as of July 1, 2007, used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of June 30, 2009, and to estimate the 2008-09 fiscal year ARC. This method was selected because it proves the most logical correlation between accruing and

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expensing of retiree benefits. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 5 percent rate of return on invested assets, which is the College's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 10.5 percent for the 2008-09 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 6 percent after nine years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll method. The remaining amortization period at June 30, 2009, was 28 years.

**Estimated Arbitrage Rebate Payable.** This represents the amount of arbitrage rebate liability for the Capital Improvement Revenue Bonds, Series 2006A. These bonds and the related arbitrage rebate liability are administered by the State Board of Administration, Division of Bond Finance, on behalf of the College.

## 11. RETIREMENT PROGRAMS

**Florida Retirement System.** Essentially all regular employees of the College are eligible to enroll as members of the State administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2008-09 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Senior Management Service	0.00	13.12
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class in which reemployed.

The College’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The College’s contributions for the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009, totaled \$4,504,464, \$4,466,633, and \$4,409,702, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. College employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 262 College participants during the 2008-09 fiscal year. Required contributions made to the PEORP totaled \$1,070,838.

Financial statements and other supplementary information of the FRS are included in the State’s Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary

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information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

**State College System Optional Retirement Program.** Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible college instructors and administrators. The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes, on behalf of the participant, 10.43 percent of the participant’s salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant’s annuity account.

There were 212 College participants during the 2008-09 fiscal year. Required employer contributions made to the Program totaled \$1,384,169.

**12. CONSTRUCTION COMMITMENTS**

The College’s major construction commitments at June 30, 2009, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Tarpon Springs Center:			
Olympia Building Remodeling	\$ 11,184,691	\$	\$ 11,184,691
Veterinary Technology Center	10,497,398	69,938	10,427,460
<b>Total</b>	<b>\$ 21,682,089</b>	<b>\$ 69,938</b>	<b>\$ 21,612,151</b>

**13. OPERATING LEASE COMMITMENTS**

The College leased building space, computer equipment, and copiers under operating leases, which expire in 2014. These leased assets and the related commitments are not reported on the College’s statement of net assets. Operating lease payments are recorded as expenses when paid or incurred. Outstanding

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commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2010	\$ 1,130,118
2011	922,132
2012	800,008
2013	178,607
2014	44,447
<b>Total Minimum Payments Required</b>	<b>\$ 3,075,312</b>

**14. RISK MANAGEMENT PROGRAMS**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$200 million through February 2009, and \$175 million starting March 1, 2009. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**Self-Insured Program.** The Board has established an individual self-insured program to provide group health and dental (effective July, 1, 2008) insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$200,000 per insured person for the 2008-09 fiscal year. The plan is provided by an insurance company licensed by the Florida Department of Financial Services, Office of Insurance Regulation. The College contributes a portion of employee premiums as a fringe benefit. The remaining portion of the employee premium and dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported.

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Because the actual claims liability depends upon such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled \$1,146,327 as of June 30, 2009.

The following schedule represents the changes in claims liability for the past two fiscal years for the College’s self-insured program:

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
2007-08	\$652,571	\$9,407,847	\$9,356,406	\$ 704,012
2008-09	704,012	11,420,387	10,978,072	1,146,327

**15. LITIGATION**

The College is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the College’s attorneys and management, should not materially affect the College’s financial position.

**16. SCHEDULE OF STATE REVENUE SOURCES**

Revenue from State sources for current operations is primarily from the College Program Fund administered by the Florida Department of Education under the provisions of Section 1011.81, Florida Statutes. In accordance with Section 1011.84, Florida Statutes, the Legislature determines each college’s apportionment considering the following components: base budget, which includes the State appropriation to the College Program Fund in the current year plus the related student tuition and fees assigned in the current General Appropriations Act; the cost-to-continue allocation which consists of incremental changes to the base budget, including salaries, price levels, and other related costs; enrollment workload adjustments; operation costs of new facilities adjustments; and new and improved program enhancements, which are determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates are deducted from the sum of these components to determine the net annual State apportionment to each college.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the College on an annual basis. The College is authorized to receive and expend these resources only upon applying for and receiving an encumbrance authorization from the Florida Department of Education.

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The following is a summary of State revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
College Program Fund	\$ 55,082,716
Gross Receipts Tax (Public Education Capital Outlay)	25,381,873
Education Enhancement Trust Fund (Lottery)	7,108,352
Baccalaureate Program	5,894,532
Bright Futures Scholarship Program	4,192,703
Florida Student Assistance Grants	3,264,867
Restricted Contracts and Grants	2,036,213
Motor Vehicle License Tax (Capital Outlay and Debt Service)	640,421
Other State Sources	12,467
<b>Total</b>	<b><u><u>\$ 103,614,144</u></u></b>

**17. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES**

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 65,420,596
Public Services	1,062,759
Academic Support	23,384,717
Student Services	13,896,370
Institutional Support	15,987,984
Operation and Maintenance of Plant	19,117,301
Scholarships and Fellowships	21,184,130
Depreciation	8,616,017
Auxiliary Enterprises	100,754
<b>Total Operating Expenses</b>	<b><u><u>\$ 168,770,628</u></u></b>

**18. COMPONENT UNITS**

The College has three component units as discussed in note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units’

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columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

	St. Petersburg College Foundaton, Inc.	St. Petersburg College Alumni Association, Inc.	Leepa-Rattner Museum of Art, Inc.	Total
<b>Condensed Statement of Net Assets</b>				
Assets:				
Current Assets	\$ 14,149,832	\$ 751	\$ 358,511	\$ 14,509,094
Capital Assets, Net			840,112	840,112
Other Noncurrent Assets	24,556,346	108,143	17,500	24,681,989
<b>Total Assets</b>	<b>38,706,178</b>	<b>108,894</b>	<b>1,216,123</b>	<b>40,031,195</b>
Liabilities:				
Current Liabilities	4,426		31,420	35,846
Noncurrent Liabilities				
<b>Total Liabilities</b>	<b>4,426</b>		<b>31,420</b>	<b>35,846</b>
Net Assets:				
Invested in Capital Assets, Net of Related Debt			840,112	840,112
Restricted	38,237,613		18,659	38,256,272
Unrestricted	464,139	108,894	325,932	898,965
<b>Total Net Assets</b>	<b>\$ 38,701,752</b>	<b>\$ 108,894</b>	<b>\$ 1,184,703</b>	<b>\$ 39,995,349</b>
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Assets</b>				
Operating Revenues	\$ 6,338,450	\$	\$ 858,370	\$ 7,196,820
Operating Expenses	(3,198,654)	(69,455)	(899,114)	(4,167,223)
<b>Operating Income (Loss)</b>	<b>3,139,796</b>	<b>(69,455)</b>	<b>(40,744)</b>	<b>3,029,597</b>
Net Nonoperating Revenues (Expenses)	(7,462,766)	70,835	45,977	(7,345,954)
Other Revenues, Expenses, Gains, and Losses	124,097		41,475	165,572
<b>Increase (Decrease) in Net Assets</b>	<b>(4,198,873)</b>	<b>1,380</b>	<b>46,708</b>	<b>(4,150,785)</b>
Net Assets, Beginning of Year	42,900,625	107,514	1,137,995	44,146,134
<b>Net Assets, End of Year</b>	<b>\$ 38,701,752</b>	<b>\$ 108,894</b>	<b>\$ 1,184,703</b>	<b>\$ 39,995,349</b>

**ST. PETERSBURG COLLEGE  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS –  
POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2007	\$ -	\$ 4,521,000	\$ 4,521,000	0%	\$ 65,451,879	6.9%



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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2009, which collectively comprise the College's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the St. Petersburg College Alumni Association, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA  
March 1, 2010